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Proposed Amendments in Finance Bill 2024 in relation to Goods & Services Tax (GST), Customs & Excise

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Proposed Amendments in Goods & Service Tax (GST)

Changes proposed in relation to Input Tax Credit (ITC)

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The Finance Bill, 2024 has proposed to extend the deadline for claiming input tax credit (ITC) for invoices or debit notes under Section 16(4) of the CGST Act to **November 30, 2021** for **F.Y. 2017- 18 to 2020-21** by way of inserting a **new sub-section (5)in Section 16 of CGST Act, 2017**.

Particulars	Time Limit
On Invoices or Debit Notes in GSTR-3B for – **FY 2017-18, FY 2018-19, FY 2019-20.**	ITC claimed up to **30th November, 2021** in case of the financial year mentioned shall be considered as Eligible ITC.

Changes proposed in relation to Input Tax Credit (ITC)

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In the initial years of GST implementation, registered persons faced difficulties in timely filing their returns, and the non-availability of GSTR-2A led to improper availing of ITC. To address this issue, the **GST Council** earlier preposed extension of the cut-off date for ITC availment for these initial years to **30th November 2021**.

Particulars	Existing Time Limit	Proposed Time Limit
For Invoices or Debit Notes in GSTR-3B for : • **FY 2017-18** • **FY 2018-19** • **FY 2019-20.**	Earlier of: • Due date of filing of return for the month of **September** or • Due date of filing of the Annual Return.	ITC claimed up to **30th November, 2021.**

Changes proposed in relation to Input Tax Credit (ITC)

Financial Year	Original Last Date to avail ITC	Extended Date to avail ITC
2017-18	23-04-2019	30th November 2021
2018-19	20-10-2019	
2019-20	24-10-2020	
2020-21	24-10-2021	

Example:

ITC of Financial Year	ITC Availed in GSTR-3B of	Date of filing GSTR-3B	Original Last Date to avail ITC	Extended Date to avail ITC	Extended date benefit for taking ITC u/s 16(4)
2017-18	Apr'19	20-05-2019	23-04-2019	30-11-2021	Available
2017-18	Apr'19	26-10-2019	23-04-2019	30-11-2021	Available
2020-21	Oct'21	25-10-2021	24-10-2021	30-11-2021	Available
2020-21	Oct'21	01-12-2021	24-10-2021	30-11-2021	Not Available

Changes proposed in relation to Input Tax Credit (ITC)

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The Finance Bill, 2024 has proposed another retrospective amendment in **Section 16** of the CGST Act, effective **from July 1, 2017.** This amendment has been made by way of insertion of **new sub-section (6) to Section 16 of CGST Act, 2017.**

Time limit to avail ITC where **registration of the recipient is cancelled and subsequently restored** subject to the said return is filed **within thirty days of the date of order of revocation of cancellation of registration** will be extended to:

- 30th November of the subsequent financial year or
- 30 days from the date of order of revocation

whichever is later

Benefit for GSTR-3B filed after Revocation of Cancellation

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<u>Example</u>:

(1) GST registration of an entity was cancelled by the GST Department **on 1st March 2024.**

(2) Revocation order for this cancellation was received on **31st December 2024.**

(3) According to Section 16(4), the last date to claim Input Tax Credit (ITC) for the **Financial Year 2023-24 is 30th November 2024.**

(4) However, as per proposed amendment effective **from 1st July 2017,** the business can now claim ITC up to **30th January 2025,** *provided the returns for that period are **filed within 30 days from the order of revocation,*** *i.e., **by 30th January 2025**.*

Events	Date
Registration Cancelled by Department	01-03-2024
Revocation Order received for Cancellation of GST Registration	31-12-2024
Original Last date to avail ITC u/s 16(4) for **FY 2023-24** in the example	30-11-2024
Extended Last date to avail ITC u/s 16(6) for FY 2023-24 in the example	**30-01-2025**

Insertion of New Section 74A

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One of the most significant changes is the **introduction of Section 74A**, which deals with the determination of tax not paid or short paid, erroneously refunded, or input tax credit (ITC) wrongly availed or utilized for any reason **from the Financial Year 2024-25** onwards.

Particulars	Existing Time limit Cases of No Fraud	Existing Time limit Cases of Fraud	Proposed Time limit Cases of Fraud & No Fraud
Issue of Show Cause Notice	3 months before the expiry of 3 years from the due date of filing relevant Annual Return	6 months before the expiry of 5 years from the due date of filing relevant Annual Return	42 months from the due date of filing Annual Return
Issue of Demand Order	5 years from the due date of filing relevant Annual Return	5 years from the due date of filing relevant Annual Return	12 months from the date of notice

The time limit for the taxpayers to avail the benefit of reduced penalty, by paying the tax demanded along with interest, is being increased from **30 days to 60 days**.

Insertion of New Section 128 A

Finance Bill, 2024 has proposed to insert **Section 128A** in the CGST Act, 2017 to provide for a conditional **waiver of interest and penalty** in respect of demands pertaining to financial years **2017-18, 2018-19, and 2019-20**, in cases where demand notices have been issued **under section 73** and **full tax liability is paid by the taxpayer before a date to be notified**.

Time period for filing appeal before GST Appellate Tribunal

Recently, in May 2024, Hon'ble Union Finance Minister administered oath of office to Justice (Retd.) Sanjaya Kumar Mishra, as the first President of GSTAT. This led to debates within the industry as to whether the time limit for filing appeal has been started from 06 May 2024 in accordance with ROD Order dated 03.12.2019 and Circular dated 18.03.2020.

However, the modalities and infrastructure for filing of appeals to GSTAT are still not operationalized till date.

Hence, multiple amendments are proposed to be made in **Section 112** as follows –

- Time limit to file appeal before GST Appellate Tribunal (GSTAT) will be **3 months** from
  - The date to be notified or
  - The date of order, **whichever is later**.

- 3 months condonation period will be granted where the Department fails to file appeal before GSTAT within timelines.

Reduction in Amount of Pre-deposit required for Filing Appeal

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The Finance Bill, 2024 has proposed to **amend Section 107(6)(b)** and **Section 112(8)(b**) of CGST Act, 2017 in order to reduce the amount of pre-deposit for filing of appeals under GST before the **Appellate Authority** and the **Appellate Tribunal** to ease cash flow and working capital blockage for the taxpayers, as follows –

Quantum of Pre-Deposit	Pre-deposit requirement as per Existing Law	Pre-deposit requirement as per Proposed Amendment
1st Appeal	10% of the demand under dispute, subject to a maximum of **Rs. 25 crores** CGST & SGST each	10% of the demand under dispute, subject to a maximum of **Rs. 20 crores** CGST & SGST each
2nd Appeal	**20% (over & above 10%)** of the demand under dispute, subject to a maximum of Rs. 50 crores CGST & SGST each	**10% (over & above 10%)** of the demand under dispute, subject to a maximum of **Rs. 20 crores** CGST & SGST each

Amendment in Refund provisions

Provisions of **Section 54 of CGST Act, 2017**, as amended, and **Section 16 of IGST Act, 2017**, as amended are proposed to be amended in order to provide that **No refund** of

- **Unutilized ITC** or
- **IGST paid**

shall be allowed in cases of zero-rated supply of goods, where **such goods are subjected to export duty**.

Time of Supply in case of Reverse Charge Mechanism (RCM)

The Finance Bill, 2024 has proposed to amend Section 13(3) of CGST Act, 2017, The provisions of Section 13 are proposed to be amended to specify **time of supply of services in cases where invoice is issued by recipient under RCM supplies** i.e. self-invoicing mechanism. Hence, **separate** time of supply has been provided for supplies from

- Registered Suppliers and
- Unregistered Suppliers.

If supply is received from registered supplier, time of supply shall be earlier of:

- Date of payment as per books of recipient or debit in bank **whichever is earlier**
- Date immediately following 60 days of the date of issue of invoice by the supplier in all cases where supplier is required to issue invoices.

If supply is received from unregistered supplier, time of supply shall be earlier of:

- Date of payment as per books of recipient or debit in bank **whichever is earlier**
- Date of issue of invoice where invoice is to be issued by recipient.

Time Period for Issuance of Invoice by Recipient in Reverse Charge Mechanism Supplies

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In may further be noted that **Section 31(3)(f)** is also proposed to be amended in order to propose a time limit for issuance of invoice by the recipient in case the recipient is liable to make payment of taxes under Reverse Charge Mechanism.

Clause (f) of section 31 of CGST Act is being amended to provide for an enabling provision

- To prescribe **the time period within which** the invoice has to be issued by the recipient under reverse charge mechanism and

- To clarify that a person registered **solely for the purpose of deducting TDS** under section 51 of CGST Act shall be **treated as a person not registered for the purpose of clause (f)** of section 31(3) of the said Act.

Amendments in Schedule III

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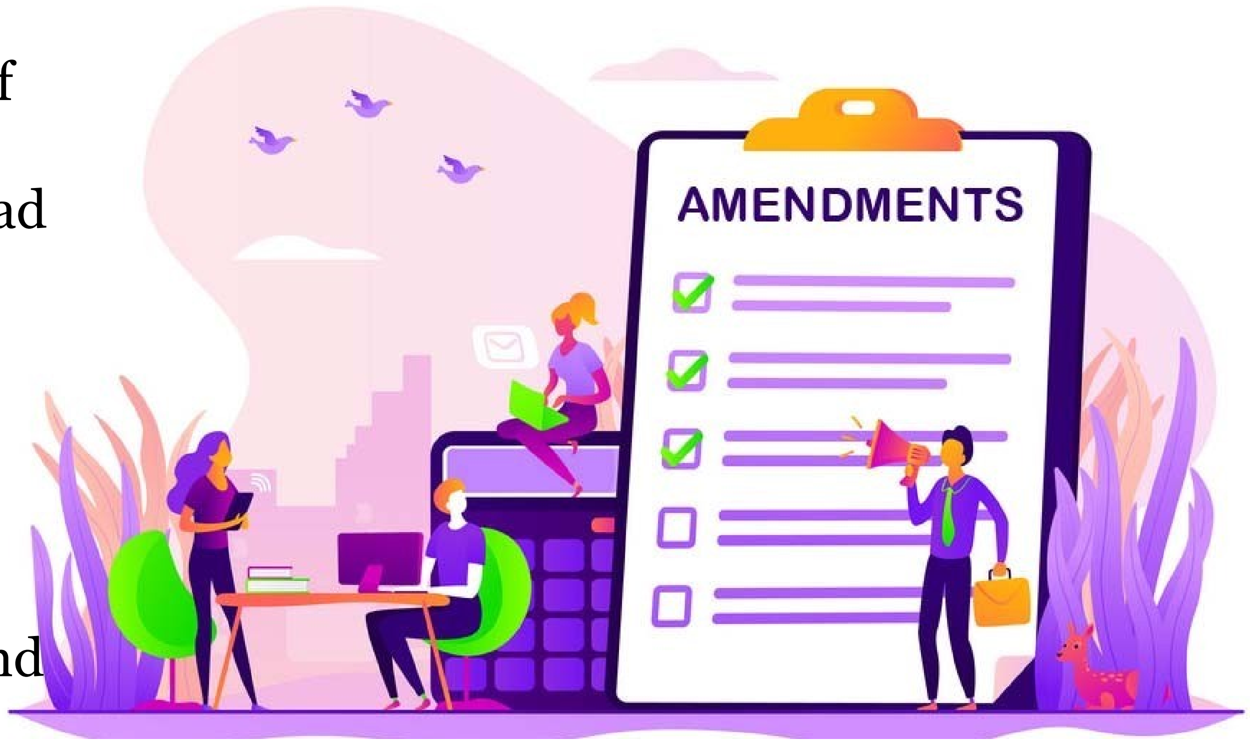
Paragraphs 8 and 9 are being inserted in **Schedule III of CGST Act, 2017** to provide that the activity of

- Co-insurance premium apportioned by lead insurer to the co-insurer for the supply of insurance service provided jointly by lead and co-insurer to the insured in co-insurance agreements.

- Transaction of ceding commission/re-insurance commission between insurer and re-insurer



will subject to certain conditions, be treated **neither as a supply of goods nor as a supply of services.**

Mandatory filing of form GSTR 7

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Section 39 is being amended to **mandate filing of TDS return (GSTR-7)** for every month.

- Submit **GSTR-7** on a monthly basis, **regardless** of whether any tax has been deducted for that month.
- Ensure **invoice-wise details** are provided.
- **No late fee** will be imposed for delayed filing of a **Nil** GSTR-7 return

Other Important Amendments

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- **Insertion of new form GSTR 1A**

Taxpayers can amend the details in FORM GSTR-1 for a tax period and/or to declare additional details, if any, before filing of return in FORM GSTR-3B for the said tax period.

- **Amendment in Section 70 of CGST Act, 2017**

Finance Bill, 2024 insert a **new sub-section (1A) in section 70 of CGST Act**, so as to enable an authorized representative to appear on behalf of the summoned person before the proper officer in compliance of summons issued by the said officer.

- **Reporting Requirements for B2C Supplies**

Particulars	Existing Limit	Proposed Limit
Invoice wise reporting of B2C Inter State supplies in Form GSTR-1	Rs.2.5 lacs	Rs.1 lac

Other Important Amendments

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- **Amendment to Regularize Non-Levy and Short-Levy of Central Tax Due to General Practice:**

  Section 11A is being inserted to empower the government
  - To regularize non-levy or short levy of central tax due to any general practice prevalent in trade.
  - Similar power is being proposed in IGST Act, UTGST Act, and GST (Compensation to States) Act.

- **Amendment to Keep Extra Neutral Alcohol Outside the Purview of Central Tax:**
  - **Section 9** is being amended to take Extra Neutral Alcohol used in the manufacture of alcoholic liquor for human consumption out of the purview of central tax.
  - Similar amendments are also proposed in IGST Act and UTGST Act.

- **Amendment to Empower the Government to Notify Cases Which Shall be Heard Only by the Principal Bench of GST Appellate Tribunal:**

  Section 109 of CGST Act is being amended to empower the government to specify cases to be heard only by the **Principal Bench of the Appellate Tribunal**.

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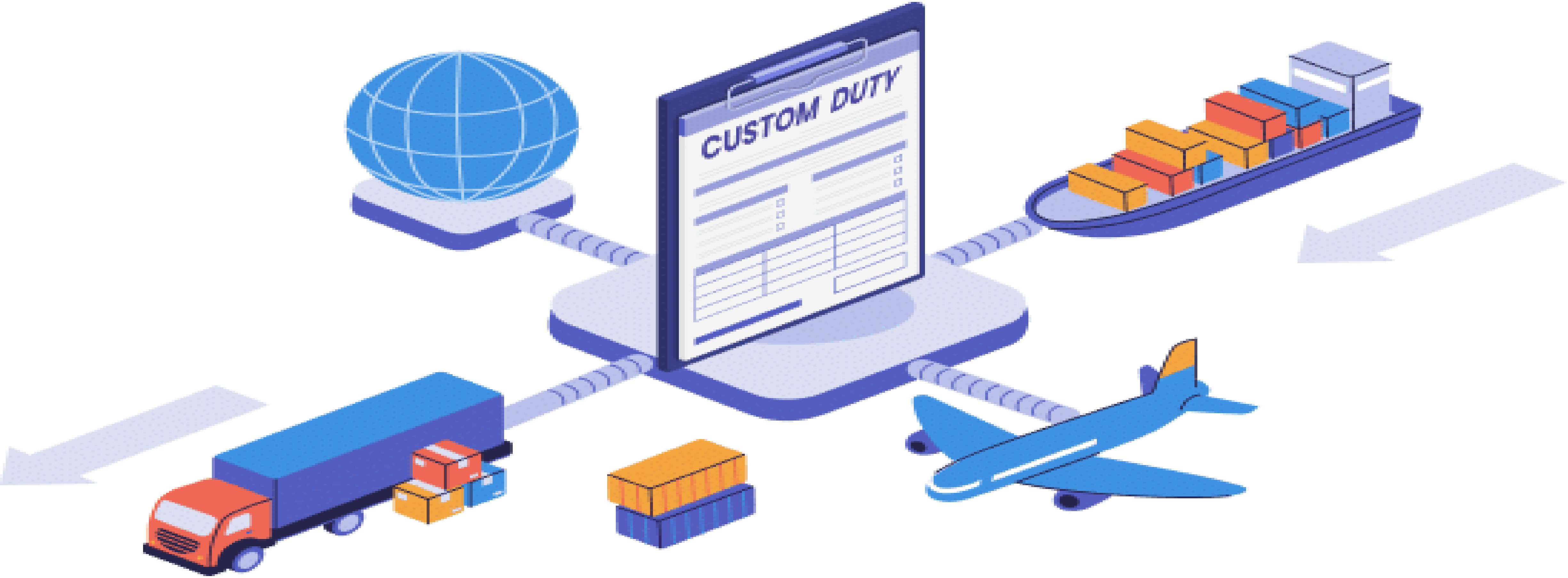

Amendments in Customs Act

Key Amendments related to Customs Act, 1962

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- **Section 28 DA: Amendment in Procedure regarding claim preferential rate of duty**

  The provision is being amended to allow for various types of proof of origin in trade agreements, including certification, to align with new trade agreements.

  Key Changes:

  - Proof of Origin: Now includes both certificates and declarations, certifying that goods meet country-of-origin criteria per trade agreements.
  - Ambit Expansion: The term "proof of origin" replaces "certificate of origin" to encompass both certificates and declarations.
  - Issuing Authority: The definition is broadened to include "persons" in addition to "authorities" designated under trade agreements

- **Section 143AA Amendment to facilitate trade**

  To facilitate trade, the Customs Act is being amended by replacing the expression "a class of importers or exporters" with "a class of importers or exporters or any other persons." So now CBIC has the authority to notify measures and prescribe procedures/documentation for persons other than importers and exporters as well.

Key Amendments related to Customs Act, 1962

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- **Section 65(1): insertion of new proviso -**

Regarding Manufacturing and Other Operations in Warehouses Section 65(1) currently allows importers to conduct manufacturing and other operations in their warehouses under the Manufacturing & Other Operations in Warehouse Regulations, 2019 (MOOWR). The amendment empowers the Central Government to specify certain manufacturing and other operations related to a class of goods (to be notified later) that will not be permitted in a warehouse.

- **Extension of time limit for Re-export and Re- Import**

Particulars	Existing Limit	Proposed Limit
Articles of foreign origin, being aircraft and vessels imported into India for maintenance, repair and overhaul subject to their re- exportation	6 months further extendable to 1 year	1 year further extendable to 1 year
Duty-free re-import of goods exported out from India under warranty	3 years	5 years further extendable to 2 years

Key Amendments related to Customs Act, 1962

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- **Revision in Agriculture Infrastructure & Development Cess (AIDC) from Jul.24,2024**

S.No	Chapter, Heading, sub-heading, tariff item	Commodity	Existing Rate	Proposed Rate
1	7108	Gold bar	5%	1%
2	7108	Gold dore	4.35%	0.35%
3	7106	Silver bar	5%	1%
4	7106	Gold dore	4.35%	0.35%
5	7110	Platinum, Palladium, Osmium, Ruthenium, Iridium	5.4%	1.4%
6	7118	Coins of precious metals	5%	1%
7	7113	Gold/Silver findings	5%	1%

- **Revision in Health Cess**
  Exemption from Health Cess granted to goods imported by EOU's, STP Units, EHTP under Notification 52/2003-customs [Notification 35/2024-Customs dated 23.07.2024]

Key Amendments related to Customs Act, 1962

- **Reduction in duty on Gold & Silver**

  Reduction of rate of customs duty on gold and silver **from 9.35% to 4.35%** imported as replenishment under the Scheme for 'Export through Exhibitions/Export Promotion Tours/Export of Branded Jewellery' as referred to in Paragraph 4.45 of FTP.

  [Notification 33/2024-Customs dated 23.07.2024]

- **Exemption on import of commercial samples**

  Value of exemption to Commercial samples imported in accordance with the International Convention drawn up at Geneva on 7.11.1952 and for export order raised **from Rs. 1,00,000/- to Rs. 3,00,000/-** [Notification 29/2024-Customs dated 23.07.2024]

Revision in Custom Duties Levied

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Category	Item	Existing Customs Duty	Proposed Custom Duty
Agriculture	Other Nuts and Seeds (otherwise prepared/preserved	30%	150%
	Prawn, Shrimp and Fish Feed	15%	5%
Plastic and chemicals	Poly vinyl chloride (PVC) flex films (also known as PVC flex banners or PVC flex sheets)	10%	25%
Solar Industry	Capital Goods for Solar Cells and Panels	7.5%	Fully exempt
Mobile Phones & Related Parts	Mobile Phone, PCBA, Charger	20%	15%
Critical minerals	Antimony, Beryllium, Bismuth, etc.	10%, 7.5%, 5%, 2.5%	Nil
	Graphite	7.5%, 5%	2.5%
	Silicon Quartz, Silicon Dioxide	7.5%, 5%	2.5%

Revision in Custom Duties Levied

Category	Item	Existing Customs Duty	Proposed Custom Duty
Precious Metals	Gold & Silver Bar	15%	6%
	Gold & Silver Dore	14.35%	5.35%
	Platinum	15.4%	6%
Steel and Copper	Blister Copper	5%	Nil
Medical	X-ray tubes and Flat Panel	15%	Phased reduction:
Equipment	Detectors	As applicable	5% until Mar 31, 2025; 7.5% until Mar 31, 2026; 10% thereafter
Medicines	Cancer Medicines	10%	Fully exempt
	Polyethylene used for orthopaedic implant	As applicable	Fully exempt

Revision in Custom Duties Levied

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Category	Item	Existing Customs Duty	Proposed Custom Duty
Telecommunication Equipment	Specified telecom equipment	10%	15%
Leather and Textile	Methylene Diphenyl Di-isocyanate (MDI) for Manufacturing Spandex Yarn	7.5%	5%
	Accessories used for manufacture of leather or textile garments and leather or synthetic footwear	As applicable	Fully exempt

Amendments in Excise Law

Amendments related to Excise Law

Clause 108 read with Fifth Schedule: Retrospective amendment of Notification No 12/2012-Central Excise:

Notification No 12/2012-Central Excise dated 17.3.2012 is being amended to extend the time period for submission of the **Final Mega Power Project certificat**e from **120 months to 156** months.

Clause 109: Retrospective amendment of Notification No 12/2017-Central Excise:

The Clean Environment Cess, levied and collected as a duty of excise, is being exempted on excisable goods lying in stock as on **30th June, 2017** subject to payment of appropriate GST Compensation Cess on supply of such goods on or after **1st July, 2017**.

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